
[Q1 2020 overview of payment institution sector](#)

Payment institutions operating in Estonia mediated payments of 88.4 million euros in the first quarter of 2020. The volume of payments was 3.7% smaller than in the final quarter of 2019. The number of payments made in the first quarter was similar to that in the fourth quarter, as 2 million payments were made, which was 0.5% more. The average size of a payment transaction was 43.8 euros, up from 42.5 euros in the fourth quarter of 2019.

Key indicators	Q4 2019	Change	Q1 2020
Value of payments	85 mln €	?	88 mln €
Number of payments	2,0 mln	?	2,0 mln
Profit	1,5 mln €	?	1,8 mln €
Return on equity (annualised)	24%	?	27%
Equity coverage ratio	1414%	?	1948%

Cross-border payments provided 14% of all payments in the first quarter, having been 16% in the previous quarter. Card payments accounted for 33% of all payments, which was a little below the 35% in the previous quarter. The volume of money transfers accounted for 20% of all transactions, down from 23.6% in the previous quarter.

The average return on equity of the sector has increased, and it was 26.64% at the end of the first quarter of 2020, up from 23.88% in the fourth quarter of 2019 and 18.92% in the first quarter.

The payment institution sector is very well capitalised with equity at 19.5 times the required level.

Structure of the client assets of payment institutions

The client assets of the payment institution sector on the balance sheet stood at 2.85 million euros at the end of the first quarter.

Assets of non-financial companies provided 60.1% of this at the end of the first quarter, and assets of households 38.4%. These figures were reversed at the end of the fourth quarter of 2019, as corporate assets provided 40.7% and household assets 58.1%.

Both the total client assets of the sector and the volume of cross-border client assets were substantially lower than a year earlier following the departure of GFC Good Finance Company AS from the market. The authorisation for GFC Good Finance Company AS to operate as a payment institution was withdrawn by Finantsinspeksioon in 2019.

Main development trends and risks

- The sector did not suffer any serious harm in the first quarter from the Covid-19 pandemic.
- Interest in gaining an authorisation to operate as a payment institution remains strong. Finantsinspeksioon has also received applications to provide cross-border services.

[Quarterly reviews of the payment services sector](#)